



**Interim Financial Statements
(Un-Audited)**

For the Half Year Ended June 30, 2011



CONTENTS

	Page No.
Company Information	2
Directors' Report to the Members	4
STANDALONE CONDENSED FINANCIAL STATEMENTS	
Auditors' Review Report to the Members	6
Balance Sheet	7
Profit and Loss Account	8
Cash Flow Statement	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS	
Balance Sheet	21
Profit and Loss Account	22
Cash Flow Statement	23
Statement of Changes in Equity	24
Notes to the Financial Statements	25

COMPANY INFORMATION

Board of Directors:	Syed Asghar Ali Shah - Chairman Malik Munir Ahmed Saleem Saeed Yousuf Chinoy Irfan Nadeem Nadim D. Khan Nadir Rahman - Chief Executive Officer
Audit Committee:	Saeed Yousuf Chinoy - Chairman Irfan Nadeem Syed Asghar Ali Shah Zia-ul-Haq - Secretary
CFO & Company Secretary:	Saeed Jamal Tariq
Auditors:	Ernst & Young Ford Rhodes Sidat Hyder (Chartered Accountants) Progressive Plaza, Beaumont Road Karachi, Pakistan
Internal Auditor:	Zia-ul-Haq
Bankers:	Allied Bank Limited Askari Bank Limited Bank Al-Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited KASB Bank Limited MCB Bank Limited NIB Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited
Legal Advisor:	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, 6-CL-10, Beaumont Road, Civil Lines, Karachi, Pakistan
Registered Office:	5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi, Pakistan Ph : (92-21) 111-222-000 Fax: (92-21) 32630202 Email: kasbho@kasb.com

Branches:

Gulshan-e-Iqbal Office - Karachi

Friends Paradise, 1st Floor, SB-36, Block No. 13-B
KDA Scheme - 24, Main University Road
Ph: (92-21) 34980763-4 and 34980766
Fax: (92-21) 34980761
Email: kasbdirect@kasb.com

Islamabad

90-91, Razia Sharif Plaza, Jinnah Avenue
Blue Area
Ph : (92-51) 111-222-000
Fax: (92-51) 2272841
Email: kasbisb@kasb.com

Lahore

2nd Floor, Fountain Avenue Building
64-A, Main Boulevard, Main Gulberg
Ph : (92-42) 111-222-000
Fax: (92-42) 35787545
Email: kasblhr@kasb.com

Multan

Ground Floor, State Life Building
Abdali Road
Ph: (92-61) 4500273-76
Fax: (92-61) 4500272
Email: kasbdirect@kasb.com

Rahim Yar Khan

Plot No. 29, City Park Chowk
Town Hall Road
Ph: (92-68) 5873252 and 5873254
Fax: (92-68) 5873251
Email: kasbdirect@kasb.com

Gujranwala Branch

Shop No. 81, Ground Floor
Gujranwala Development Authority Trust Plaza
Ph: (92-55) 3822501-4
Fax: (92-55) 3822505
Email: kasbgrw@kasb.com

Website:

www.kasb.com

Share Registrar:

THK Associates (Private) Limited
Ground Floor, State Life Building No.3
Dr. Ziauddin Ahmed Road, Karachi, Pakistan
Ph : (92-21) 111-000-322
Fax: (92-21) 35655595

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors of KASB Securities Limited, I am pleased to present the un-audited standalone and consolidated financial statements of the Company and directors review for the half year ended June 30, 2011.

ECONOMIC REVIEW

The macro landscape managed to reap gains in 1H11 led by higher agri prices which helped offset farmer's loss in the aftermath of the floods in 3Q10. Moreover, a stable external account situation (USD 1.5 bn surplus in 1H11) and relatively impressive performance of the PKR (0.5% depreciation against USD) despite a rising crude oil price scenario, provided additional comfort to the macro environment. This, along with tempering inflationary pressures (CPI ranged around 13.3% in 1H11 down from 14.6% in 2H10), let SBP maintain status quo with discount rate kept unchanged at 14% throughout 1H11.

In addition, the government injected PKR 120 bn into the energy sector in May-11 to ease the circular debt problem. On the flipside, fiscal account slippages continue to remain a concern and also contributed to stalling the IMF standby agreement. On this front, the government managed to broaden the GST net in the federal budget for FY12 – a step ahead towards improving the tax base. Key concerns remain addressing public sector institutions losses and power sector reforms which are likely to determine the outcome of release of the IMF tranche.

Strong measures need to be taken to draw the country out of the current general economic malaise.

EQUITY MARKET REVIEW

Despite improved macro indicators in 1H11, the equity market registered a 3.9% gain, driven mainly by 1 or 2 index constituents. One major factor was unrest in the Middle East and North Africa (MENA) region which turned investors cautious due to its implications for 1) international oil prices, of which Pakistan remains a net importer and 2) foreign portfolio flows to frontier markets. Pakistan too witnessed a slowdown in flows where the net inflow of US\$ 32 mn in 1H11 was well short of the US\$ 250 mn received in 2H10. In addition, the much awaited launch of the leverage product was met with a lukewarm response, as the strict margin regime for the product proved to be a dampener.

Macro indicators are just one of the factors affecting equities. Domestic politics remained volatile, and Pak-US relations have turned somewhat tense of late. Some life was infused in the market in the run-up to the budget, with expectations of 1) a potential relaxation in the capital gains tax for individual investors and 2) relaxation in margin requirements for the Margin Trading System. While the budget remained silent on any changes in the capital gains tax, discussions between market participants and regulators continue, to resolve both the issues.

Corporate results are reasonable, and setting aside a top down approach, there are some compelling equity stories available.

DEBT AND CURRENCY MARKETS REVIEW

The money market remained relatively liquid during 1H11 with the SBP effectively monitoring open market operations. In line with a view of stable interest rates in 2011, a prominent shift in participation was witnessed towards 6M paper in T-bill Auctions in 1H11 and a gradual shift towards 12M paper as well, which reflects market expectations of possible easing beyond the 6M period.

PKR lost a nominal 0.5% during 1H11 with the external sector gaining from favorable terms of trade, as exports received a major boost from higher cotton prices. Healthy remittances (recording an all time high of US\$ 1 bn/month during 2Q11) also helped keep the currency buoyant during the period under review.

OPERATING PERFORMANCE

During 1H11 the Company reported Net Loss (after tax) of PKR 77.84 mn (PKR 68.04 mn during 2Q11) as compared to Net Loss (after tax) of PKR 11.48 mn in 1H10. Breakdown is set out below:

	AMOUNTS IN PKR MILLIONS			
	Half Year ended June 30		2nd Qtr ended June 30	
	2011	2010	2011	2010
Brokerage and fee	99.66	154.61	45.24	83.83
Other Operating Revenue	26.71	24.22	13.83	16.29
Gain on sale of investments-net	26.91	20.84	3.54	8.01
Dividend Income	4.43	6.28	1.66	0.96
Net unrealized loss on investments 'at fair value through profit and loss'	(17.63)	(0.96)	(22.41)	(13.77)
Other Income	13.55	6.92	8.81	3.32
Total Income	153.63	211.91	50.67	98.64
Operating and Admin Expenses	(152.19)	(145.45)	(73.64)	(78.16)
Financial Cost	(40.50)	(35.97)	(19.49)	(18.07)
Total Expenses	(192.69)	(181.42)	(93.13)	(96.23)
Net (loss) / profit (before provisions)	(39.06)	30.49	(42.46)	2.41
Impairment of AFS Investments	(22.24)	(35.65)	(22.24)	(6.67)
(Provision) / Reversal thereof	(12.95)	2.85	(1.58)	(17.83)
Net loss (before taxation)	(74.25)	(2.31)	(66.28)	(22.09)
Taxation	(3.59)	(9.17)	(1.76)	(5.52)
Net loss (after taxation)	(77.84)	(11.48)	(68.04)	(27.61)

Main reasons for the increased losses (over 1H10) were (a) significant reduction in Brokerage and Fee income (total decrease PKR 54.95 mn of which brokerage PKR 44.58 mn), (b) Increase in Net unrealized loss on investments at fair value through P&L of PKR 17.63 mn and (c) increase in provisions against trade debts of PKR 15.8 mn. Significantly subdued volumes traded at KSE was the primary reason for this decline in brokerage revenues which decreased from 41.00 bn shares in 1H10 to 24.95 bn shares in 1H11.

Our market share in equities showed a little growth compared to the past year. Our commodities business, though small in absolute terms is growing rapidly. Fixed Income and currencies remained flat. Your company's long term investments are showing promise, and the Board remains hopeful that, given time, these will bear fruit.

CREDIT RATING

The Pakistan Credit Rating Agency (PACRA) has maintained the Company's long term rating at "A" (Single A) and short term rating at "A1" (A One). The rating of the secured TFC issue of PKR 500 mn has also been maintained at "A+" (Single A plus). These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

FUTURE OUTLOOK

Looking ahead, global events i.e. the US and EU debt crisis could play an important role in shaping sentiments and dictating the course of commodity prices. Specific to KSE, any relaxation in leverage financing rules in terms of allowing individuals as financiers and re-aligning of collateral requirements could provide a much needed boost to trading volumes. Simplifying capital gains tax will also improve sentiment.

The balance of the current calendar year will be a testing time for our business.

ACKNOWLEDGEMENT

The Directors wish to record their gratitude to the Company's valued clients, shareholders, business partners and other stakeholders for their continued trust that they have reposed in the Company.

The Board would also like to record their appreciation to the employees of the Company for their commitment and dedication.

On behalf of the Board of Directors



Syed Asghar Ali Shah
Chairman

Karachi: August 25, 2011

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**Introduction**

We have reviewed the accompanying interim condensed balance sheet of KASB Securities Limited as at 30 June 2011 and the related interim condensed profit and loss account, interim condensed statement of changes in equity and interim condensed cash flow statement together with the explanatory notes (here-in-after referred to as the "interim financial information") for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

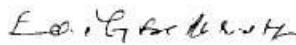
Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi: 25 August 2011


Chartered Accountants


INTERIM CONDENSED BALANCE SHEET AS AT JUNE 30, 2011

	Note	(Un-audited) June 30, 2011	(Audited) December 31, 2010
ASSETS			
----- (Rupees in '000) -----			
Non-current assets			
Property and equipment	4	39,443	42,689
Intangible assets		14,020	15,099
Investment properties		8,487	9,020
Long-term investments	5	822,091	809,319
Long-term loans and advances		2,040	1,021
Long-term deposits and prepayments		4,104	5,638
Long-term receivable	6	58,788	-
Deferred tax asset - net		515	-
Total non-current assets		949,488	882,786
Current assets			
Short-term Investments	7	528,257	611,920
Trade debts	8	368,632	381,342
Advances, deposits, prepayments and other receivables	9	87,428	61,750
Taxation - net		2,197	-
Cash and bank balances	10	59,762	96,945
Total current assets		1,046,276	1,151,957
TOTAL ASSETS		1,995,764	2,034,743
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital		1,000,000	1,000,000
General reserve		18,752	18,752
Unrealised gain on remeasurement of 'available- -for-sale' investments to fair value - net		35,013	15,125
(Accumulated loss) / unappropriated profit		(48,329)	29,509
Shareholders' equity		1,005,436	1,063,386
Current liabilities			
Trade and other payables	11	606,724	465,280
Short-term running finance		50,017	-
Accrued mark-up		687	1,214
Taxation payable - net		-	5,497
Current maturity of redeemable capital		332,900	332,800
Total current liabilities		990,328	804,791
Non-current liabilities			
Redeemable capital		-	166,500
Deferred tax liability - net		-	66
Total non-current liabilities		-	166,566
TOTAL LIABILITIES		998,328	971,357
TOTAL EQUITY AND LIABILITIES		1,995,764	2,034,743
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 19 form an integral part of these interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer



Saeed Jamal Tariq
Chief Financial Officer


INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2011

	Note	Half year ended June 30,		Quarter ended June 30,	
		2011	2010	2011	2010
(Rupees in '000)					
Operating revenue	13	99,665	154,607	45,243	83,824
Gain on sale of investments - net	14	26,909	20,839	3,541	8,011
Dividend income		4,433	6,278	1,661	962
Net unrealised loss on remeasurement of investments 'at fair value through profit or loss'		(17,632)	(962)	(22,413)	(13,774)
Other operating revenue	15	26,708	24,227	13,833	16,292
		140,083	204,989	41,865	95,315
Operating and administrative expenses		(152,185)	(145,454)	(73,640)	(78,159)
(Provision) / reversal for doubtful debts	8.2	(12,949)	2,845	(1,578)	(17,830)
Impairment loss on 'available-for-sale' investments	5.1.2	(22,241)	(35,648)	(22,241)	(6,670)
Operating (loss) / profit		(47,292)	26,732	(55,594)	(7,344)
Finance cost		(40,504)	(35,968)	(19,492)	(18,069)
		(87,796)	(9,236)	(75,086)	(25,413)
Other income		13,550	6,919	8,809	3,324
Loss before taxation		(74,246)	(2,317)	(66,277)	(22,089)
Taxation					
Current		(4,173)	(10,820)	(2,034)	(6,143)
Deferred		581	1,654	269	625
		(3,592)	(9,166)	(1,765)	(5,518)
Loss after taxation		(77,838)	(11,483)	(68,042)	(27,607)
Other comprehensive income:					
Unrealised gain / (loss) arising during the period on remeasurement of 'available-for-sale' investments - net		12,772	(72,705)	51,131	56,890
Reclassification adjustment for net loss realised on disposal of 'available-for-sale' investments		(15,125)	-	(15,125)	-
Reclassification adjustment for impairment loss on 'available-for-sale' investments included in profit or loss	5.1.2	22,241	35,648	22,241	(17,042)
Other comprehensive income / (loss) for the period		19,888	(37,057)	58,247	39,848
Total comprehensive (loss) / income for the period		(57,950)	(48,540)	(9,795)	12,241
(Rupees)					
Loss per share - basic and diluted		(0.78)	(0.11)	(0.68)	(0.28)

The annexed notes 1 to 19 form an integral part of these interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer

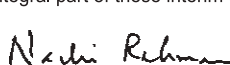

Saeed Jamal Tariq
Chief Financial Officer

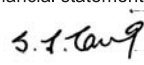
INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2011

	Note	Half year ended June 30,	
		2011	2010
..... (Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(74,246)	(2,317)
Non-cash adjustments to reconcile loss before tax to net cash flows:			
Depreciation		5,249	9,169
Amortization		1,079	1,136
Gain on sale of investments		(26,909)	(20,839)
Gain on sale of property and equipment		(3,108)	(315)
Unrealised loss on remeasurement of investments 'at fair value through profit or loss' - net		17,632	962
Impairment loss on 'available-for-sale' investments	5.1.2	22,241	35,648
Reversal of provision for doubtful debts		(2,902)	(20,506)
Reversal of provision against doubtful receivables		-	(675)
Provision against doubtful debts		15,851	18,336
Finance cost		40,504	35,968
Dividend income		(4,433)	(6,278)
		<u>65,204</u>	<u>52,606</u>
		(9,042)	50,289
Working capital adjustments:			
(Increase) / decrease in assets			
Long-term loans and advances		(1,019)	(437)
Long-term deposits and prepayments		1,534	(202)
Long-term receivable		(58,788)	-
Trade debts		(239)	502,169
Advances, deposits, prepayments and other receivables		(24,368)	(14,109)
		<u>(82,880)</u>	<u>487,421</u>
Increase / (decrease) in current liabilities			
Trade and other payables		141,444	(309,755)
		<u>49,522</u>	<u>227,955</u>
Finance cost paid		(41,031)	(36,099)
Income tax paid		(11,867)	(27,090)
Net cash flows (used in) / generated from operating activities		<u>(3,376)</u>	<u>164,766</u>
CASH FLOW FROM INVESTING ACTIVITIES			
'Available-for-sale' investments - net		84,793	67,081
Investments 'at fair value through profit or loss' - net		(6,978)	(429,301)
Purchase of property and equipment		(3,302)	(3,367)
Proceeds from disposal of property and equipment		4,940	3,290
Dividend received		3,123	6,733
Net cash flows generated from / (used in) investing activities		<u>82,576</u>	<u>(355,564)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Lease rentals paid		-	(81)
Repayment of redeemable capital		(166,400)	(100)
Net cash flows used in financing activities		<u>(166,400)</u>	<u>(181)</u>
Net decrease in cash and cash equivalents		<u>(87,200)</u>	<u>(190,979)</u>
Cash and cash equivalents at the beginning of the period		96,945	288,289
Cash and cash equivalents at the end of the period	17	<u>9,745</u>	<u>97,310</u>

The annexed notes 1 to 19 form an integral part of these interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Saeed Jamal Tariq
Chief Financial Officer


**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2011**

	Share capital	General reserve	(Accumulated loss) / unappropriated profit	Unrealised gain / (loss) on remeasurement of 'available-for-sale' investments to fair value - net	Total
..... (Rupees in '000)					
Balance as at January 01, 2010	1,000,000	18,752	(39,363)	38,813	1,018,202
Total comprehensive loss for the period	-	-	(11,483)	(37,057)	(48,540)
Balance as at June 30, 2010	1,000,000	18,752	(50,846)	1,756	969,662
Total comprehensive income for the period	-	-	80,355	13,369	93,724
Balance as at December 31, 2010	1,000,000	18,752	29,509	15,125	1,063,386
Total comprehensive loss for the period	-	-	(77,838)	19,888	(57,950)
Balance as at June 30, 2011	<u>1,000,000</u>	<u>18,752</u>	<u>(48,329)</u>	<u>35,013</u>	<u>1,005,436</u>

The annexed notes 1 to 19 form an integral part of these interim condensed financial statements.


Syed Asghar Ali Shah
 Chairman


Nadir Rahman
 Chief Executive Officer


Saeed Jamal Tariq
 Chief Financial Officer

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2011

1. STATUS AND NATURE OF BUSINESS

- 1.1 KASB Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a scheme of arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Karachi Stock Exchange (Guarantee) Limited [KSE]. The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.
- 1.2 The Company is a subsidiary of KASB Bank Limited (the Parent company) which holds 77.12 percent of the shares of the Company.
- 1.3 The Company has corporate membership of the KSE and Pakistan Mercantile Exchange Limited (PMEL) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research and advisory services.
- 1.4 These are separate interim condensed financial statements of the Company in which investment in subsidiary is reported on the basis of direct equity interest and is not consolidated.

2. STATEMENT OF COMPLIANCE

These interim condensed financial statements of the Company for the half year ended June 30, 2011 have been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives have been followed.

The disclosures made in these interim condensed financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the annual published financial statements of the Company for the year ended December 31, 2010.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those of the previous financial year except as follows:

New and amended standards and interpretations

The Company has adopted the following amended IFRS and IFRIC interpretation which became effective during the period:

IAS 24 – Related Party Disclosures (Revised)
IAS 32 – Financial Instruments: Presentation – Classification of Right Issues (Amendment)
IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB in May 2010

IFRS 3 – Business Combinations
IAS 27 – Consolidated and Separate Financial Statements
IFRS 7 – Financial Instruments: Disclosures
IAS 1 – Presentation of Financial Statements
IFRIC 13 – Customer Loyalty Programmes
IAS 34 – Interim Financial Reporting

The adoption of the above standards, amendments and interpretations did not have any effect on the interim condensed financial statements of the Company.

4. PROPERTY AND EQUIPMENT

The details of additions and disposals during the period are as follows:

	(Un-audited) Half year ended June 30, 2011		(Un-audited) Half year ended June 30, 2010	
	Additions	Disposals	Additions	Disposals
	(Rupees in '000)			
Office premises - lease hold	-	2,656	-	-
Computers and office equipment	1,751	438	2,285	423
Furniture and fixtures	161	51	121	48
Motor vehicles- owned	1,390	2,984	-	5,525
	<u>3,302</u>	<u>6,129</u>	<u>2,406</u>	<u>5,996</u>

	Note	(Un-audited) June 30, 2011	(Audited) December 31, 2010
		(Rupees in '000)	

5. LONG-TERM INVESTMENTS

Subsidiary company		488,581	488,581
'Available-for-sale' investments	5.1	333,510	320,738
		<u>822,091</u>	<u>809,319</u>

5.1. Description of 'available-for-sale' investments

Name of the entity			
Quoted shares			
KASB Bank Limited (Parent company)	5.1.1 & 5.1.2	27,604	49,845
Unquoted shares			
Al Jomaih Power Limited	5.1.3	219,210	184,197
KASB Funds Limited (related party)	5.1.4	11,696	11,696
New Horizon Exploration and Production Limited (related party)			
-Class 'A' ordinary shares		25,000	25,000
-Class 'B' ordinary shares		50,000	50,000
		<u>75,000</u>	<u>75,000</u>
		<u>333,510</u>	<u>320,738</u>

5.1.1. These shares have been blocked by the Central Depository Company of Pakistan Limited in compliance with BPRD Circular No.4 dated May 22, 2008 issued by the State Bank of Pakistan. No activity (including pledge and withdrawal) in these shares is allowed without prior written permission of the State Bank of Pakistan.

5.1.2. Impairment loss charged to the profit & loss account during the period on the investment in KASB Bank Limited (Parent company) is Rs. 22,241 million.

5.1.3. Up until previous period, the Company's investment in unquoted shares of Al Jomaih Power Limited was carried at cost due to non-availability of active market value for such investment. However, the management now considers that the fair value of this investment can be determined reliably by reference to the net asset value of such investee company. Accordingly, unquoted shares of Al Jomaih Power Limited are now valued at its fair value at the period end.

5.1.4. These shares have been blocked by the Central Depository Company of Pakistan Limited in compliance with SECP Circular No. NBFCD/D/Misc/271-9 dated June 15, 2006 issued by the Securities and Exchange Commission of Pakistan. No activity (including pledge and withdrawal) in these shares is allowed without prior written permission of the Commission.

	Note	(Un-audited) June 30, 2011	(Audited) December 31, 2010
..... (Rupees in '000)			
6. LONG-TERM RECEIVABLE			
Long-term receivable	6.1	90,867	-
Less: current maturity shown under current assets	9	(32,079)	-
		<u>58,788</u>	<u>-</u>
6.1.	On February 01, 2011, the Company entered into a settlement agreement with three customers in respect of their liabilities owed to the Company, amounting to Rs. 99.638 million (as of the date of the agreement) in respect of the securities transactions undertaken by them through the Company.		
	The customers have agreed to pay an aggregate sum of Rs. 99.638 million to the Company along with the mark-up at the rate of three months KIBOR ask rate plus 3.28%, in monthly installments over a period upto January 2014. Accordingly under the settlement agreement, the customers have paid Rs. 8.771 million to the Company during the period.		
	The above receivable is secured against marketable securities of the customers, held by the Company. The market value of such securities as at the period end is Rs. 74.947 million.		
7. SHORT-TERM INVESTMENTS			
At fair value through profit or loss			
Open end mutual funds units	7.1	144,809	199,177
Listed shares	7.2	315,582	152,813
Term finance certificates		67,866	180,230
		<u>528,257</u>	<u>532,220</u>
Available-for-sale investments			
Open end mutual funds units		-	79,700
		<u>528,257</u>	<u>611,920</u>
7.1.	This includes investment in mutual fund units of a related party amounting to Rs. 70.672 million (2010: Rs. 185.374 million).		
7.2.	This includes shares amounting to Rs. 162.746 million (at the rates quoted on KSE) (2010: Rs. 108.176 million) pledged with KSE against exposure margin.		
8. TRADE DEBTS			
Receivable against purchase of marketable securities	8.1	365,398	372,474
Inter-bank brokerage		1,425	6,227
Fees		1,809	2,641
		<u>368,632</u>	<u>381,342</u>
8.1. Considered good			
Secured		364,005	371,344
Unsecured		1,393	1,130
		<u>365,398</u>	<u>372,474</u>
Considered doubtful			
		142,766	129,817
		<u>508,164</u>	<u>502,291</u>
Less: provision for doubtful debts	8.2	(142,766)	(129,817)
		<u>365,398</u>	<u>372,474</u>

	Note	(Un-audited) June 30, 2011	(Audited) December 31, 2010
..... (Rupees in '000)			
8.2. Reconciliation of provision against trade debts			
Opening balance		129,817	416,417
Written off during the period / year		-	(110,020)
Provision for the period / year		15,851	32,852
Reversal of provision during the period / year		(2,902)	(209,432)
		<u>12,949</u>	<u>(176,580)</u>
		<u>142,766</u>	<u>129,817</u>
9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to:			
-Employees and executives		1,954	344
-Suppliers		266	300
		<u>2,220</u>	<u>644</u>
Long-term loans and advances to employees and executives (current portion)		-	2,978
Deposits:			
-Exposure deposit with KSE		-	24,500
-Exposure deposit with PMEL		785	-
-Others		2,139	2,128
		<u>2,924</u>	<u>26,628</u>
Prepayments:			
-Rent		1,451	1,146
-Insurance		160	349
-Software development and maintenance		2,187	3,666
-Others		1,563	3,660
		<u>5,361</u>	<u>8,821</u>
Other receivables:			
-Dividends receivable		1,348	38
-Profit on bank deposits		1,715	340
-Profit on exposure deposit with KSE		-	350
-Profit receivable on term finance certificates		1,221	8,807
-Current portion of long-term receivable	6	32,079	-
-Receivable against margin trading system transactions		26,901	-
-Receivable from related parties		13,047	7,325
-Receivable from PMEL		562	5,376
-Others		50	443
		<u>76,923</u>	<u>22,679</u>
		<u>87,428</u>	<u>61,750</u>
10. CASH AND BANK BALANCES			
Cash at bank in:			
- Current accounts		11,806	3,820
- Savings accounts	10.1	10,993	34,805
- Certificate of deposit	10.2	36,647	58,279
		<u>59,446</u>	<u>96,904</u>
Cash in hand		313	33
Stamps in hand		3	8
		<u>59,762</u>	<u>96,945</u>

10.1 These carry profit at rates ranging from 1.25% to 11.25% (2010: 1% to 11.25%).

10.2 This carries profit at the rate of 16.48% (2010: 16.28%) and is due to mature in December 2011.

Note (Un-audited) (Audited)
June 30, December 31,
2011 2010

11. SHORT TERM RUNNING FINANCE

..... (Rupees in '000)

Short-term running finance	11.1	<u>50,017</u>	-	
----------------------------	------	---------------	---	--

11.1 Running finance facility of Rs. 249 million (2010: Rs. 300 million) has been obtained by the Company from the parent company which is secured against second ranking charge over all present and future current assets. The facility carries mark-up at rates ranging from 15.46% to 15.52% (2010: 14.21% to 15.07%) per annum. Total draw down against facility at the period end was Rs. 50.017 million and the remaining amount of Rs. 198.983 million remains un-utilised as at the period end.

Further, the facilities for short-term running finances available from various banks amounted to Rs. 850 million (2010: Rs. 1,475 million) which remains un-utilised as at the period end. These facilities carry mark-up at rates ranging from 16.62% to 16.87% (2010: 15.07% to 17.39%) per annum and are repayable on various dates during the year ended December 31, 2011. The arrangements are secured by way of pledge of shares of listed companies.

12. CONTINGENCIES AND COMMITMENTS

Contingencies

There were no contingencies as at period / year end.

Commitments

Following commitments are outstanding as at period / year end:

- Outstanding purchases against commodities futures	<u>1,149</u>	<u>3,084</u>
- Outstanding sales against commodities futures	<u>387</u>	<u>25,077</u>

	(Un-audited) Half year ended June 30,	2010	(Un-audited) Quarter ended June 30,	2010
--	---	------	---	------

13. OPERATING REVENUE

..... (Rupees in '000)

Brokerage	98,155	142,736	43,760	73,255
Financial advisory fee	585	11,207	558	10,569
Other fee and commission	925	664	925	-
	<u>99,665</u>	<u>154,607</u>	<u>45,243</u>	<u>83,824</u>

14. GAIN ON SALE OF INVESTMENTS

Gain on 'at fair value through profit or loss' investments	6,691	11,929	4,431	5,644
Gain / (loss) on 'available-for-sale' investments	20,218	8,910	(890)	2,367
	<u>26,909</u>	<u>20,839</u>	<u>3,541</u>	<u>8,011</u>

15. OTHER OPERATING REVENUE

Profit on bank deposits	10,837	15,475	6,114	9,572
Profit on Term Finance Certificates	8,199	5,615	2,427	5,208
Profit on margin trading system transactions	3,912	-	3,912	-
Custody service charges	2,145	2,405	944	1,148
Subscription research income	1,615	732	436	364
	<u>26,708</u>	<u>24,227</u>	<u>13,833</u>	<u>16,292</u>

16. RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of its parent Company, associated undertakings, employee contributory plans and its key management personnel. The balances with related parties as at June 30, 2011 and transactions with related parties during the half year ended June 30, 2011 are as follows:

	(Un-audited)				(Audited)	
	As at June 30, 2011				As at December 31, 2010	
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total	Total
..... (Rupees in '000)						
BALANCES						
Long-term investments	27,604	575,277	-	-	602,881	625,122
Long-term deposits	-	142	-	-	142	142
Short-term investments	-	-	-	70,672	70,672	185,374
Trade receivables	15	9	43	357	424	371
Advances	-	-	1,729	-	1,729	1,600
Prepaid service level agreement charges	-	430	-	-	430	2,327
Prepaid rent	134	-	-	-	134	258
Profit receivable on bank deposit	314	-	-	-	314	161
Receivable against expenses	2,124	9,288	-	-	11,412	6,912
Rent receivable	861	774	-	-	1,635	413
Bank balances	10,849	-	-	-	10,849	34,443
Trade payables	-	-	2,048	-	2,048	2,986
Payable against expenses	4,441	92	240	-	4,773	414
Accrued mark-up	116	-	-	-	116	153
Advance rent payable	-	-	-	-	-	773
Short-term running finance	50,017	-	-	-	50,017	-

	(Un-audited)				(Un-audited)	
	For the half year ended June 30, 2011				For the half year ended June 30, 2010	
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total	Total
	(Rupees in '000)					
TRANSACTIONS						
Brokerage income earned	292	32	83	736	1,143	728
Bonus units issued	-	-	-	6,666	6,666	330
Bank charges	901	-	-	-	901	267
Custody Services	4	2	26	1	33	71
Communication expenses	-	3,264	-	-	3,264	4,430
Charge in respect of contributory plan	-	-	-	3,140	3,140	2,205
Donation	-	-	-	600	600	600
Loans disbursed	-	-	2,073	-	2,073	360
Loans repayment	-	-	2,244	-	2,244	40
Locker rent	4	-	-	-	4	-
Mark-up expense	534	-	-	-	534	99
Profit on bank deposits	5,609	-	-	-	5,609	9,316
Purchase of property and equipment	-	1,390	-	-	1,390	154
Property and equipment disposed off	-	-	209	-	209	2,717
Remuneration to management personnel	-	-	49,471	-	49,471	38,424
Rent expense	271	45	-	-	316	215
Rent income	2,486	774	-	-	3,260	6,470
Reimbursement of expenses	2,180	-	-	-	2,180	-
Salary expense reimbursed	-	20	-	-	20	-
Service level agreement charges	-	1,897	-	-	1,897	2,517
Short-term investments	-	-	-	84,793	84,793	-
Sale of investments 'available-for-sale'	-	-	-	84,793	84,793	-
Sale of short-term investments	-	-	-	180,000	180,000	-

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise of the following:

	(Un-audited) June 30, 2011	(Audited) June 30, 2010
 (Rupees in '000)	
Cash and bank balances	59,762	97,310
Short-term running finance	(50,017)	-
	<u>9,745</u>	<u>97,310</u>

18. DATE OF AUTHORISATION

These interim condensed financial statements have been authorised for issue by the Board of Directors of the Company on August 25, 2011.

19. GENERAL

19.1 These interim condensed financial statements are un-audited and have been reviewed by the external auditors as required by the Code of Corporate Governance. Further, figures of the interim condensed profit and loss account for the quarters ended June 30, 2011 and June 30, 2010 have been subjected to limited scope review by the auditors.

19.2 Figures have been rounded off to the nearest thousands.



Syed Asghar Ali Shah
Chairman

Nadir Rahman
Chief Executive Officer

Saeed Jamal Tariq
Chief Financial Officer



**Consolidated Interim
Condensed Financial Statements**

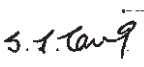
CONSOLIDATED INTERIM CONDENSED BALANCE SHEET
AS AT JUNE 30, 2011

	(Un-audited) June 30, 2011	(Audited) December 31, 2010
 (Rupees in '000)	
ASSETS		
Non-current assets		
Property and equipment	39,443	42,689
Intangible assets	14,020	15,099
Investment properties	475,247	475,380
Long-term investments	333,510	320,738
Long-term loans and advances	2,040	1,021
Long-term deposits and prepayments	4,104	5,638
Long-term receivable	58,788	-
Deferred tax asset - net	515	-
Total non-current assets	927,667	860,565
Current assets		
Short-term Investments	528,257	611,920
Trade debts	368,632	381,342
Advances, deposits, prepayments and other receivables	88,288	67,752
Taxation - net	2,269	-
Cash and bank balances	72,719	105,829
Total current assets	1,060,165	1,166,843
TOTAL ASSETS	1,987,832	2,027,408
EQUITY AND LIABILITIES		
Share capital and reserves		
Issued, subscribed and paid-up capital	1,000,000	1,000,000
General reserve	18,752	18,752
Unrealised gain on remeasurement of 'available- -for-sale' investments to fair value - net	35,013	15,125
(Accumulated loss) / unappropriated profit	(56,384)	22,083
Shareholders' equity	997,381	1,055,960
Current liabilities		
Trade and other payables	606,847	465,405
Short-term running finance	50,017	-
Accrued mark-up	687	1,214
Taxation - net	-	5,463
Current maturity of redeemable capital	332,900	332,800
Total current liabilities	990,451	804,882
Non-current liabilities		
Redeemable capital	-	166,500
Deferred tax liability - net	-	66
Total non-current liabilities	-	166,566
TOTAL LIABILITIES	990,451	971,448
TOTAL EQUITY AND LIABILITIES	1,987,832	2,027,408

The annexed notes form an integral part of these consolidated interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer



Saeed Jamal Tariq
Chief Financial Officer


**CONSOLIDATED INTERIM CONDENSED PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2011**

	Half year ended June 30,		Quarter ended June 30,	
	2011	2010	2011	2010
	(Rupees in '000)			
Operating revenue	99,665	154,607	45,243	83,824
Gain on sale of investments - net	26,909	20,839	3,541	8,011
Dividend income	4,433	6,278	1,661	962
Net unrealised loss on remeasurement of investments 'at fair value through profit or loss'	(17,632)	(962)	(22,413)	(13,774)
Other operating revenue	27,091	24,227	14,041	16,292
	140,466	204,989	42,073	95,315
Operating and administrative expenses	(153,193)	(145,454)	(73,110)	(78,159)
(Provision) / reversal for doubtful debts	(12,949)	2,845	(1,578)	(17,830)
Impairment loss on 'available-for-sale' investments	(22,241)	(35,648)	(22,241)	(6,670)
Operating (loss) / profit	(47,917)	26,732	(54,856)	(7,344)
Finance cost	(40,504)	(35,968)	(19,492)	(18,069)
	(88,421)	(9,236)	(74,348)	(25,413)
Other income	13,550	6,919	8,809	3,324
Loss before taxation	(74,871)	(2,317)	(65,539)	(22,089)
Taxation				
Current	(4,177)	(10,820)	(2,036)	(6,143)
Deferred	581	1,654	269	625
	(3,596)	(9,166)	(1,767)	(5,518)
Loss after taxation	(78,467)	(11,483)	(67,306)	(27,607)
Other comprehensive income:				
Unrealised gain / (loss) arising during the period on remeasurement of 'available-for-sale' investments - net	12,772	(72,705)	51,131	56,890
Reclassification adjustment for net loss realised on disposal of 'available-for-sale' investments	(15,125)	-	(15,125)	-
Reclassification adjustment for impairment loss / (gain) on 'available-for-sale' investments included in profit or loss	22,241	35,648	22,241	(17,042)
Other comprehensive income / (loss) for the period	19,888	(37,057)	58,247	39,848
Total comprehensive (loss) / income for the period	(58,579)	(48,540)	(9,059)	12,241
	(Rupees)			
Loss per share - basic and diluted	(0.78)	(0.11)	(0.67)	(0.28)

The annexed notes form an integral part of these consolidated interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer

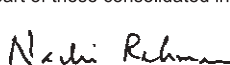

Saeed Jamal Tariq
Chief Financial Officer

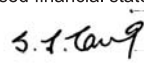
**CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2011**

	Half year ended June 30,	
	2011	2010
 (Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(74,871)	(2,317)
Non-cash adjustments to reconcile loss before tax to net cash flows:		
Depreciation	5,249	9,169
Amortization	1,079	1,136
Gain on sale of investments	(26,909)	(20,839)
Gain on sale of property and equipment	(3,108)	(315)
Unrealised loss on remeasurement of investments 'at fair value through profit or loss' - net	17,632	962
Impairment loss on 'available-for-sale' investments	22,241	35,648
Reversal of provision for doubtful debts	(2,902)	(20,506)
Reversal of provision against doubtful receivables	-	(675)
Provision against doubtful debts	15,851	18,336
Finance cost	40,504	35,968
Dividend income	(4,433)	(6,278)
	<u>65,204</u>	<u>52,606</u>
	(9,667)	50,289
Working capital adjustments:		
(Increase) / decrease in assets		
Long-term loans and advances	(1,019)	(437)
Long-term deposits and prepayments	1,534	(202)
Long-term receivable	(58,788)	-
Trade debts	(239)	502,169
Advances, deposits, prepayments and other receivables	(19,226)	(14,109)
	<u>(77,738)</u>	<u>487,421</u>
Increase / (decrease) in current liabilities		
Trade and other payables	141,446	(309,755)
	<u>54,041</u>	<u>227,955</u>
Finance cost paid	(41,031)	(36,099)
Income tax paid	(11,913)	(27,090)
Net cash flows generated from operating activities	<u>1,097</u>	<u>164,766</u>
CASH FLOW FROM INVESTING ACTIVITIES		
'Available-for-sale' Investments - net	84,793	67,081
Investments 'at fair value through profit or loss' - net	(6,978)	(429,301)
Purchase of property and equipment	(3,702)	(3,367)
Proceeds from disposal of property and equipment	4,940	3,290
Dividend received	3,123	6,733
Net cash flows generated from / (used in) investing activities	<u>82,176</u>	<u>(355,564)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Lease rentals paid	-	(81)
Repayment of redeemable capital	(166,400)	(100)
Net cash flows used in financing activities	<u>(166,400)</u>	<u>(181)</u>
Net decrease in cash and cash equivalents	<u>(83,127)</u>	<u>(190,979)</u>
Cash and cash equivalents at the beginning of the period	<u>105,829</u>	<u>288,289</u>
Cash and cash equivalents at the end of the period	<u>22,702</u>	<u>97,310</u>

The annexed notes form an integral part of these consolidated interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Saeed Jamal Tariq
Chief Financial Officer

**CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES
IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2011**

	Share capital	General reserve	(Accum- ulated loss) / unappro- priated profit	Unrealised gain / (loss) on remeasurement of 'available- for-sale' investments to fair value - net	Total
..... (Rupees in '000)					
Balance as at January 01, 2010	1,000,000	18,752	(39,363)	38,813	1,018,202
Total comprehensive loss for the period	-	-	(11,483)	(37,057)	(48,540)
Balance as at June 30, 2010	1,000,000	18,752	(50,846)	1,756	969,662
Total comprehensive income for the period	-	-	72,929	13,369	86,298
Balance as at December 31, 2010	1,000,000	18,752	22,083	15,125	1,055,960
Total comprehensive loss for the period	-	-	(78,467)	19,888	(58,579)
Balance as at June 30, 2011	<u>1,000,000</u>	<u>18,752</u>	<u>(56,384)</u>	<u>35,013</u>	<u>997,381</u>

The annexed notes form an integral part of these consolidated interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Saeed Jamal Tariq
Chief Financial Officer

**NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS
(UN-AUDITED)**

FOR THE HALF YEAR ENDED JUNE 30, 2011

1. STATUS AND NATURE OF BUSINESS

The Group comprises of:

Holding company

- KASB Securities Limited

Subsidiary company

- Structured Venture (Private) Limited

- 1.1. KASB Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a scheme of arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Karachi Stock Exchange (Guarantee) Limited [KSE]. The registered office of the Group is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

The Holding Company is a subsidiary of KASB Bank Limited (Ultimate parent company) which holds 77.12 percent of the shares of the Group.

The Holding Company has corporate membership of the Karachi Stock Exchange (Guarantee) Limited (KSE) and Pakistan Mercantile Exchange Limited (PMEL) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research and advisory services.

- 1.2. Structured Venture (Private) Limited (the subsidiary) was incorporated in Pakistan on June 25, 2010 under the Companies Ordinance, 1984. The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

The subsidiary is wholly owned by the Holding Company.

The subsidiary's core objective is to capitalize on opportunities across different asset classes, including but not limited to, commodities, structured products, real estate etc. In addition, the subsidiary can, subject to regulatory approvals, invest / participate in selected local and foreign business ventures.

2. BASIS OF PREPARATION

These consolidated interim condensed financial statements have been prepared under the historical cost convention except for investments which are carried at fair value.

3. STATEMENT OF COMPLIANCE

These consolidated interim condensed financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The disclosures made in these consolidated interim condensed financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the annual published financial statements of the Group for the year ended December 31, 2010.

These Consolidated interim condensed financial statements are un-audited.

4. ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these consolidated interim condensed financial statements are consistent with those followed in the preparation of the Group consolidated annual published financial statements for the year ended December 31, 2010.

5. BASIS OF CONSOLIDATION

The financial statements of the subsidiary are included in the consolidated interim condensed financial statements from the date the control commences until the date the control ceases. In preparing consolidated interim condensed financial statements, the financial statements of the Holding Company and subsidiary are consolidated on a line by line basis by adding together the like items of assets, liabilities, income and expenses. Significant intercompany transactions have been eliminated.

6. DATE OF AUTHORISATION

These consolidated interim condensed financial statements have been authorised for issue by the Board of Directors of the Group on August 25, 2011.


7. GENERAL

- 7.1 Figures have been rounded off to the nearest thousands.




Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Saeed Jamal Tariq
Chief Financial Officer





5th Floor, Trade Centre,
I.I. Chundrigar Road, Karachi, Pakistan
Ph: (92-21) 111-222-000 Fax: (92-21) 32630202
Email: kasbho@kasb.com